



GFH FINANCIAL GROUP B.S.C.
(Incorporated in the Kingdom of Bahrain)
Commercial Registration Number 44136

Conditional Voluntary Offer Announcement Dated 14th October 2021

ANNOUNCEMENT OF SATISFACTION OF PRE-CONDITIONS AND NOTIFICATION OF GFH FINANCIAL GROUP B.S.C.'S ("GFH") FIRM INTENTION TO MAKE AN OFFER TO ACQUIRE UP TO 100% OF THE ISSUED AND PAID UP ORDINARY SHARES OF KHALEEJI COMMERCIAL BANK B.S.C. ("KHCB") REPRESENTING UP TO 187,589,034 ORDINARY SHARES OF KHCB (CONSTITUTING VOTING RIGHTS), NOT CURRENTLY OWNED BY GFH, REPRESENTING UP TO 21.03% STAKE OF KHCB'S ISSUED AND PAID-UP SHARE CAPITAL, BY WAY OF A SHARES EXCHANGE AT THE DISCRETION OF EACH SHAREHOLDER OF KHALEEJI COMMERCIAL BANK B.S.C.

DISCLAIMER STATEMENT

THE CENTRAL BANK OF BAHRAIN AND BAHRAIN BOURSE ASSUME NO RESPONSIBILITY FOR THE CONTENTS OF THIS ANNOUNCEMENT, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ANNOUNCEMENT. THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR SECURITIES OF GFH FINANCIAL GROUP B.S.C.

DIRECTORS' STATEMENT

THE DIRECTORS OF GFH FINANCIAL GROUP B.S.C. ISSUING THIS NOTIFICATION OF FIRM INTENTION TO MAKE AN OFFER, WHOSE NAMES APPEAR IN THIS DOCUMENT JOINTLY AND SEVERALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF INFORMATION CONTAINED IN THIS NOTIFICATION. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS NOTIFICATION IS IN ACCORDANCE WITH THE FACTS AND CONTAINS NO OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THIS NOTIFICATION.

Important note: Pursuant to TMA-2.7.6 of the Central Bank of Bahrain ("**CBB**") Rulebook, Volume 6, Takeovers, Mergers and Acquisitions Module ("**TMA**"), the offer document must be sent to the offeree company by or on behalf of the offeror within 21 calendar days of the date of the announcement of the terms of the offer through this firm intention announcement.

**Pre-Conditional
Voluntary Offer
Announcement**

The Pre-Conditional Voluntary Offer Announcement ("Pre-Conditional Offer Announcement") dated 15 September 2021 (the "Pre-Conditional Offer Announcement Date") by the Offeror. The Pre-Conditional Offer Announcement stated that subject to the satisfaction of the Pre-Conditions (as

defined below), the Offeror intends to make a voluntary conditional offer to acquire up to 100% of the issued and paid-up ordinary shares of KHCB("Offer").

A copy of the Pre-Conditional Offer Announcement is available on the website of the Bahrain Bourse.

Pre-Conditions

GFH hereby announces the satisfaction of the following as of 14th October 2021:

1. The approval of 40.37% of the shareholders of GFH at the ordinary general meeting held on 14th October 2021 on the purchase and use of GFH treasury shares for the purpose of the offer.
2. Receipt of all regulatory and statutory approvals in connection with the above.

Accordingly, the Pre-Conditions have been satisfied and GFH hereby announces its firm intention to make the Offer.

Date of submission of the statement of firm intention

GFH Financial Group B.S.C. (the "**Offeror**" or "**GFH**") notified the board of directors of Khaleeji Commercial Bank B.S.C. (the "**Offeree**" or "**KHCB**") on 14th October 2021 after trading hours, of the satisfaction of the above-mentioned Pre-Conditions and that it has a firm intention to make an offer to acquire up to 100% of the issued and paid up ordinary shares of KHCB, represented by 187,589,034 shares, constituting voting rights not currently owned by GFH, and representing up to 21.03% stake of KHCB's issued and paid up capital, by way of a shares exchange and fulfilment, or waiver by GFH (where applicable), of the conditions outlined below.

Identity of the Offeror making the statement of firm intention to make an offer

GFH Financial Group B.S.C.
Bahrain Financial Harbour, East Tower, 29th Floor
Road 4626, Block 346 Manama, Sea Front
P.O. Box 10006
Manama, Kingdom of Bahrain

Tel: (973) 1753 8538
Fax: (973) 1754 0006

GFH is registered with the Ministry of Industry, Commerce and Tourism ("**MOICT**") with commercial registration number 44136 as a public Bahraini shareholding company. It is licensed and regulated by the CBB as an Islamic wholesale bank. GFH has an issued and paid-up capital of USD 1,000,637,366.96 made up of 3,775,990,064 shares of USD 0.265 each. Its securities are listed on the Bahrain Bourse, Boursa Kuwait and Dubai Financial Market.

Shareholders of the Offeror

The summary of principal shareholdings in GFH as of this date is given below:

Name of Shareholder	Holding
Shuaa Capital and its associates	6.82%
Keypoint Trust B.S.C(c)	7.86%

Board of Directors and Management of Offeror

GFH's Board of Directors currently comprises nine (9) board members, as follows:

Board of Directors	Title
Mr. Jassim Alseddiqi	Chairman, Non-Executive Director
Mr, Ghazi Al Hajeri	Vice Chairman, Independent Director
Mr. Hisham Alrayes	Member and Group CEO, Executive Director
Mr. Rashid Al Kaabi	Member, Non-Executive Director
Mr. Ahmed Al Ahmadi	Member, Independent Director
Mr. Ali Murad	Member, Independent Director
Mr. Fawaz Al Tamimi	Member, Independent Director
Ms. Alia Al Falasi	Member, Independent Director
Mr. Edris Al-Rafi	Member, Independent Director

Mr. Jassim Alseddiqi, Mr. Hisham Alrayes, Mr. Salah Sharif and Mr. Mosobah Al Mutairy present GFH on KHCB's Board of Directors.

Further information in relation to cross-holdings is set out below.

The current management team of GFH is:

Management Personnel	Title
Mr. Hisham Alrayes	Chief Executive Officer
Mr. Salah Sharif	Chief Operating Officer
Mr. Baha Al-Marzooq	Chief Internal Audit
Mr. Hammad Younas	Chief Investment Officer – Private Equity
Mr. Nael AlKujok	Co-Chief Investment Officer – Real Estate
Mr. Abesh Chatterjee	Head of Risk Management
Dr. Mohammed Abdulsalam	Head of Sharia and Corporate Secretary
Mr. Suryanarayanan Hariharan	Chief Financial Officer
Mr. Mohammed Abdulmalik	Group Co-IPT Head
Mr. Razi Almerbati	CEO GFH Capital S.A. – Group Co-IPT Head
Ms. Muneera Isa	Head of Human Resources
Mr. Ahmed Jamsheer	Head of Treasury & Capital Markets
Mr. Osama Janahi	Head of Information Technology
Ms. Mariam Jowhary	Head of Compliance and AML
Mr. Salem Patel	Head of Asset Management
Mr. Hamza Saleem	Acting Head of Legal

Intention to make an offer to purchase securities of	<p>Khaleeji Commercial Bank B.S.C. Bahrain Financial Harbour, East Tower PO Box 60002 Manama Kingdom of Bahrain Tel: (973) 1754 0054 Fax: (973) 1710 0017</p> <p>KHCB is registered with the MOICT with commercial registration number 55133 as a public Bahraini shareholding company. KHCB has an issued and paid-up capital of BHD 89,211,948 made up of 892,119,480 shares of 100 fils each. It is licensed and regulated by the CBB as an Islamic retail bank. Its securities are listed on the Bahrain Bourse.</p>
Details of securities for which an offer will be made	<p>Up to 187,589,034 ordinary shares of KHCB (constituting voting rights), not currently owned by GFH, of BHD 100 fils each, representing up to 21.03% stake of KHCB's issued and paid up share capital ("KHCB Shares").</p>
Consideration for the Transaction	<p>The consideration for the offer is shares in the Offeror at a share exchange ratio of 0.914 GFH shares per KHCB Share.</p> <p>The offer price was determined by GFH based on its assessment of KHCB's financial information available to public and its financial performance.</p>
Mechanism	<p>It is envisaged that the offer will be implemented by way of a voluntary conditional offer to the shareholders of KHCB by GFH in line with the provisions of the TMA.</p> <p>In the event that GFH obtains 90% acceptances of the outstanding KHCB Shares subject to the voluntary conditional offer, GFH intends to exercise any rights of compulsory acquisition, which may become available to it. The remaining shareholders, who have not accepted the acquisition offer, shall be obliged to sell their shares to GFH in no later than three months from the date of GFH having obtained 90% or more acceptances in respect of the acquisition of the KHCB Shares as per the Commercial Companies Law (Legislative Decree No. 21 of 2001, as amended), subject to regulatory approval.</p>
Offer sources	<p>Acquisition of the shares of Khaleeji Commercial Bank B.S.C. pursuant to an acquisition offer, using treasury shares not exceeding 171,416,377 ordinary shares equivalent to 4.5% of the Group's shares. GFH plans to complete the purchase of the required treasury shares before the final offer closing date.</p>
Conditions to which the offer or the posting is subject	<p>The implementation of the offer will be subject to the fulfilment, or waiver by GFH where applicable, of the following conditions precedent. For the avoidance of doubt, the offer shall not become unconditional unless the below 4 conditions precedent are fulfilled, or waived by GFH, where applicable:</p> <ol style="list-style-type: none"> 1. Acceptances are received from KHCB's shareholders in respect of at least

168,830,131 KHCB Shares representing 18.93% of the entire issued share capital of KHCB, which would result in total ownership by GFH of at least 87.98% of the total issued share capital of KHCB, represented by 784,887,418 shares of KHCB.

2. Receipt of all regulatory and statutory approvals in connection with the offer.
3. Availability of treasury shares required for the settlement, by/or before the final offer closing date.
4. KHCB does not undertake any of the following from the date of the firm intention until the expiration of the Offer Period:
 - a. issue any shares and/or distribute cash dividends;
 - b. create, issue or grant, or permit the creation, issue or grant of, any convertible securities, options or warrants in respect of the shares of KHCB;
 - c. other than in the normal course of business, sell, dispose of or acquire assets without a written consent of GFH;
 - d. enter into contracts, including service contracts, other than in the ordinary course of business, including contracts or actions which may give rise to any contingent liability;
 - e. cause KHCB or any subsidiary or associate of KHCB to purchase or redeem any shares in KHCB or provide financial assistance for any such purchase;
 - f. acquire any company, partnership, other business organization or division thereof, or enter into any joint venture, or strategic alliance;
 - g. enter into any commitment, agreement or arrangement for assumption of third party financing or bank debt or any other loan or debt, nor obtain or procure any such financing for KHCB;
 - h. make any changes in the memorandum and articles of association or nature of bank licence or registered address of KHCB;
 - i. amend, waive, modify or consent to the termination of any contract or the KHCB's rights thereunder other than in the ordinary course of business consistent with past practice;
 - j. enter into any contract which is not in the ordinary course of business with any related party;
 - k. enter into any formal or informal agreement, or otherwise make a commitment to do any of the foregoing; or
 - l. carry out any actions prohibited by the TMA.

Shareholders and/or potential investors of KHCB should note that the offer shall be subject to the satisfaction or waiver (where applicable) of the conditions and conditional upon, the offer becoming or being declared unconditional in all respects. Accordingly, the offer may or may not become unconditional. Shareholders and/or potential investors of KHCB should therefore exercise caution when dealing in the securities of KHCB. Persons who are in doubt as to the action they should take should consult their licensed brokers, dealers, solicitors, professional accountants or other professional advisers.

Offeror's intention for the future of the Company

GFH intends to maintain KHCB's commercial registration and vocation as an Islamic retail bank. KHCB will continue to operate under its normal course of business and maintain its operations as a subsidiary of GFH.

On completion of the acquisition:

- I. If GFH obtains 90% or more of the acceptances of the outstanding KHCB Shares subject to the voluntary conditional offer by GFH, and consequently exercises its right of compulsory acquisition, KHCB will apply to the CBB to delist from the Bahrain Bourse in compliance with the rules of the TMA; and
- II. If GFH obtains less than 90% acceptances of the outstanding KHCB Shares subject to the voluntary conditional offer, KHCB's shares may be subject to voluntary delisting from the Bahrain Bourse subject to the approval of the CBB, Bahrain Bourse, KHCB's Board and the general meeting of the shareholders of KHCB.

Long term commercial justification for the proposed Offer

KHCB will provide GFH with access to a wider segment of clients and allow for a bigger market share.

Commercial Banking provides stability to GFH's profitability and risk profile, and hence is considered a key pillar to GFH's strategic growth plan.

Details of any existing holding of KHCB Shares and rights over the KHCB Shares

GFH (acting in concert together with its subsidiary, KHCB Asset Company) holds 616,057,287 KHCB Shares representing 69.06% of the issued share capital of KHCB.

In the past 12 months, GFH acquired 121,726,795 KHCB Shares representing 13.64% of KHCB Shares. KHCB Asset Company has pledged 336,134,454 KHCB shares to Sharjah Islamic Bank PJSC.

Details of any outstanding derivative in respect of the KHCB shares entered into by GFH or any person acting

None

in concert with it

Details of any arrangement (whether by way of option, indemnity or otherwise) in relation to the GFH shares or KHCB Shares which might be material to the offer. None

Details of any relevant securities of KHCB in which GFH or any person acting in concert with it has an interest or has a right to subscribe.

Save as disclosed below, none of the Directors of GFH have any direct or deemed interest in the KHCB Shares as of the date of this announcement:

Name of Shareholder	Number of Shares	Relevant GFH Director
GFH	121,726,795	Jassim Alseddiqi Hisham Alrayes
KHCB Asset Company	494,330,492	Jassim Alseddiqi Hisham Alrayes

GFH holds BD 60 million Additional Tier 1 Sukuk issued by KHCB, as of the date of this notice.

Details of any relevant securities of KHCB which GFH or any person acting in concert with it has borrowed or lent, excluding any borrowed shares which have been either on-lent or sold

KHCB Asset Company has pledged 336,134,454 KHCB shares to Sharjah Islamic Bank PJSC.

Details of agreements any or arrangements to which GFH is party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or the consequences of its doing so, including details of any break fees payable as a result None

Details of any arrangement for the payment of an inducement fee or similar arrangement None

For or on behalf of the board of GFH Financial Group B.S.C.



Mr, Ghazi Al Hajeri
Vice Chairman